

Elmwood Park, Illinois

Village Pensions

Prepared by:
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June 20, 2011

Village of Elmwood Park
Board of Trustees
11 Conti Parkway
Elmwood Park, Illinois 60707

To the Board of Trustees:

As you may recall, on Monday, June 6, 2011, I attended the Village Board Meeting. During the public comment period, I began the following question¹:

I also know that, having looked at the audits for the last ten years and, up until two years ago, we were underfunding our required payments to the police and fire. So the question is, at what...and now we're overfunding...

At this point, I was interrupted. In near unison, President Silvestri and a number of Trustees stated, "That's not true." Trustee Bennett clearly took offense, going so far as to call my comment "totally nefarious" and insinuate that I was not interested in the finances, but had some other agenda for approaching the Board. A few moments later, President Silvestri interrupted the next resident's comments to publicly state, well after I sat down, "Joe was wrong."²

Regardless of anyone's personal opinion or agenda for attacking me, I, as a resident of Elmwood Park, would like to know how high my taxes will go before the Board addresses this issue. Thus, had I not been interrupted, my question for the Board *would have been*: At what point will this Board address the issue of pension deficits and underfunding so that the required payments, and my taxes, do not continue to rise because of it?

Rather than engage in a debate without having the facts in front of you, I gracefully yielded the rest of my time and sat down. Today, I am presenting you with some facts about our Village's Police and Fire pensions to reiterate and clarify my statements with the hopes that we can address this very serious issue.

¹ See <http://youtu.be/6cn995V6Jb4>

² See <http://youtu.be/ouRhdyWVy00>

Throughout this report, you will learn that my statements were not “totally nefarious” and that you have, in fact, been underfunding our pensions. My goal in preparing this report is simply to point out a growing problem in Elmwood Park’s budget – a problem that continues to consume an ever-increasing portion of our tax dollars and puts the residents of Elmwood Park deeper in debt.

The longer the Village operates without addressing this issue, the longer we, the residents of Elmwood Park, will be subject to ever-increasing required contributions and interest payments, thereby increasing our taxes ad infinitum.

Though this is a problem across the United States and throughout Illinois, the mere fact that it is a widespread problem does not, by its very nature, make it any less of a problem.

Though politicians across the country are blaming our current recession for our pension woes, you will learn herein that Elmwood Park’s pension deficits predate not only the current recession, but the previous one as well. Since at least 1997, our police and fire pensions have been grossly underfunded. Pension investments have underperformed; interest on our net pension deficit has swelled; taxes continue to rise.

I respectfully request that you consider the following report so that we might have a civilized discussion about it at the next Board meeting and so that this issue may be addressed for the benefit of the men and women of the police and fire departments, as well as for the benefit of the people of Elmwood Park.

I have attempted to document my findings as much as possible, even pointing to specific pages in the independent auditor reports. Still, if you have any questions about anything contained herein, please do not hesitate to call or email me.

Sincerely,

Joe Ponzio

Reference and Disclaimer

The following report is based on research prepared by Joe Ponzio. The terms “I,” “me,” or “my” refer to Joe Ponzio. All financial information and any ratios or percentages derived therefrom have been taken from the independent auditors’ reports of the Village of Elmwood Park unless otherwise specified and cited. Throughout this report, you will find citations and footnotes with hyperlinks to information that is publicly available on the internet at the time of this writing; however, those links do not point to websites I control and I cannot guarantee (i) their continued availability online, (ii) the safety, privacy, or other content on those websites, or (iii) that I agree with any of the other content of those websites.

Background

Most government pensions across the United States are underfunded for a variety of reasons, and no single individual or group is to blame for it. Today’s pension problems in the US are the culmination of widespread failures by everyone involved:

- pension boards, for not addressing shortfalls and deficits earlier,
- investment managers, for taking too much risk or trying to be too creative with investments when long-term investing through blue chip stocks and investment-grade bonds would have served employees better,
- politicians, for ignoring the problem, kicking the can down the road, and/or negotiating unrealistic contract raises and pension assumptions,
- unions, for demanding unrealistic raises and pension assumptions, and
- the general public, for being disengaged in this growing problem for far too long.

Though it is great political fodder for politicians to blame unions and the recession, for unions to blame politicians, and for the public to blame unions and politicians (all while the investment managers remain silent on the issue), the truth is that the problem will never be solved if everyone is looking for scapegoats and pointing fingers instead of moving forward from where we are today.

My goal in stating the above is not to blame any specific group, but to make the point that *everyone* must be willing to make some changes and sacrifices to fix the problem going forward – pension boards, investment managers, politicians, unions, and the general public alike.

Like most people, I have been uninvolved in the political process for most of my life. While I may not always agree with what my elected officials do, or fail to do, I have always believed in the greatness of America and in her ability to overcome any problem that lay before her. As Americans, we have overcome two world wars and dozens of other wars and conflicts, a Great Depression, countless recessions, oil shortages, a nuclear cold war, and much more. Today, we live seven times better than we did 100 years ago. In fact, the poorest 1% of Americans today are still some of the richest people in the world. Because of this, like many, I didn't feel the need to get involved in the day-to-day workings of my local government.

For nearly every private citizen in America, however, the desire to live in blissful ignorance changed in 2008 and 2009. The Dow Jones had fallen 65% from its October 2007 peak, real estate prices had tumbled, credit tightened, and the economy ground to a halt. Families across America were *forced* to start tightening their belts – cutting spending and reducing debt wherever and whenever possible.

I won't rehash all of the statistics of the current recession, but will point to a few that prove my previous statement:

- the Personal Saving Rate in the US has averaged 5.5% over the past year, up from 1.5% in 2005 and at its highest level since 1998³, and
- Total Revolving Credit Outstanding (*eg*, credit card debt) has fallen 20%, from nearly \$1 trillion to below \$800 billion, since 2009, the first large and sustained (greater than three month) drop since statistics began in 1968⁴.

The American people have achieved these minor financial victories despite the fact that unemployment has soared, prices have risen, and investments and home values have fallen.

Yet despite their saving, debt reduction, refinancing, and struggling at the personal household level, the American people, and specifically the people of Elmwood Park, are not much better off today than we were three years ago because we continue to be burdened with debts and deficits of the Federal, State of Illinois, and Elmwood Park governments and pensions.

My desire to live in blissful ignorance of the Village's, State of Illinois', and US Government's finances waned over the past few years as government obligations and finances came to and remained at the forefront of nearly every media outlet in the country. Today, nearly everyone in the country has at least *some* knowledge of the fiscal

³ [http://research.stlouisfed.org/fred2/graph/?s\[1\]\[id\]=PSAVERT](http://research.stlouisfed.org/fred2/graph/?s[1][id]=PSAVERT)

⁴ [http://research.stlouisfed.org/fred2/graph/?s\[1\]\[id\]=REVOLSL](http://research.stlouisfed.org/fred2/graph/?s[1][id]=REVOLSL)

situation in our country. For most, learning about it has been nearly unavoidable, if only for the media coverage over the past few years.

More than seventy years ago, my maternal grandparents and great-grandparents moved to Elmwood Park. For decades, my family's roots have grown strong and deep in this neighborhood and, like most on the maternal side of my family, I have lived in Elmwood Park for my entire life.

For as long as I have owned my home in Elmwood Park, my property taxes have risen each and every year; so, when my wife and I decided that Elmwood Park would remain our home and the town in which we would continue to raise our children, I tasked myself with learning about where my tax dollars were going.

Though I can easily move out of Elmwood Park and Illinois, and ultimately save money and pay lower taxes, I believe that the benefits of living in a good neighborhood and close to family far outweigh the financial costs of doing so.

Still, I believe that, if I'm going to pay more in taxes, those tax dollars should be spent efficiently; so, in February of 2011, I began reviewing the Village's audits for the ten fiscal years ending April 30, 2010. I already knew that, living in Illinois, I would ultimately be responsible for our state's \$29 billion budget deficit⁵ and \$54 billion unfunded pension liabilities *in addition to* the deficits and debts created by our Federal Government. On top of that, as a resident of Elmwood Park, I am also ultimately responsible for any debts created by my local government; so, I figured that it would behoove me to learn more about those as well.

I started with the April 30, 2010 audit report. Just five pages in, I learned that Elmwood Park operated at a \$4.3 million loss in 2010. By page 9, I learned that we have \$5.6 million in outstanding bond debt. And though page 9 also shows just \$4.9 million in net pension obligations, a further search revealed that we actually owe our police and fire pensions nearly \$32 million.

(If you are not up to speed on pension accounting rules, suffice it to say that they do not require government and corporate entities to report the long-term obligations the way a rationale person thinks of them, but only as a footnote in a later report. Furthermore, the stated pension liabilities are based on assumptions using the projected investment returns which, as you'll see, have been both unrealistic and unobtainable for more than a decade in Elmwood Park.)

⁵ www.illinois.gov/publicincludes/statehome/gov/pensionreform/documents/FactSheet-ILStateDeficitProblems.pdf

Throughout this report, you'll learn that Elmwood Park does, in fact, have huge pension liabilities, that this problem has predated the current recession, and that Elmwood Park residents will continue to suffer larger and larger tax increases, without commensurate increases in property values and services, unless and until this issue is addressed.

Elmwood Park Pension Statements and Facts

All facts and figures herein are taken directly from the Village's audits for the ten fiscal years ending April 30, 2010. "FY" stands for Fiscal Year, which ends on April 30th each year.

The Village has always paid 100% of the required contributions to the Police and Fire pensions.

When analyzing the above statement, there are two types of payments that should be considered: (i) the Required Contribution and (i) the Net Pension Cost. The Required Contribution is the Village's "normal cost" of retirement benefits earned by employees in the current year. The Net Pension Cost is the Required Contribution plus the amount needed to amortize any existing unfunded accrued liability.

There are a few ways that pensions can become under-funded, including not paying the full Required Contribution and not paying the full Net Pension Cost. Though the Required Contribution is the amount required by contract based on payrolls, the Net Pension Cost is the amount that an employer must contribute in order for a pension fund to be fully funded.

The less a pension is funded, the greater the Net Pension Cost and the greater the expense of running the pension – in this case, the greater the expense to the taxpayers of Elmwood Park.

Since 2001, the Village has not fully paid the Required Contribution to the Police and Fire pensions which, because the pensions are underfunded, has naturally created a deeper pension debt.

The Required Contributions to the Police pension have totaled \$8.365 million since 2001, but the Village has only paid \$8.08 million in Required Contributions, naturally creating a pension deficit. The Required Contributions to the Fire pension have totaled \$9.583 million since 2001, but the Village has only paid \$8.865 million in Required Contributions, naturally creating a pension deficit.

In total, the Village has only paid 94.4% of the Required Contribution.

More importantly, the Net Pension Costs of the Police and Fire pensions have been \$9.083 million and \$9.610 million, respectively. The Village has only paid 90.6% of the \$18.694 million Net Pension Cost.

In the past ten years, the Village has never paid 100% of the Required Contribution *or* Net Pension Cost to the Fire pension, with the exception of 2010.

In six of the past ten years, the Village has not paid 100% of the Required Contribution to the Police pension. In the past ten years, the Village has not once paid 100% of the Net Pension Cost to the Police pension.

Thus the Village has not always paid 100% of the Required Contributions to the Police and Fire pensions and this has contributed to our large and growing pension deficit.

The Police and Fire pensions are solvent.

The Merriam-Webster dictionary defines *solvent* as: having assets in excess of liabilities; able to pay all legal debts.

As of April 30, 2010, the Police pension had \$10.277 million in assets and \$29.856 million in liabilities. The Police pension is only 34.4% funded and is not solvent.

As of April 30, 2010, the Fire pension had \$9.089 million in assets and \$21.424 million in liabilities. The Fire pension is only 42.4% funded and is not solvent.

Pensions that are less than 80% funded are considered problematic and insolvent.

The Police and Fire pensions have suffered investment losses due to the recession, which is why they are underfunded.

\$10,000 invested in the Police pension fund on May 1, 2000 would have grown to \$13,509 by April 30, 2010. In FY2010, the Police pension investments earned 14.0%, thereby recovering all previous losses and achieving an all-time high⁶.

⁶ Based on fiscal year-end figures, not interim valuations.

\$10,000 invested in the Fire pension fund on May 1, 2000 would have grown to \$16,940 by April 30, 2010. In FY2010, the Fire pension earned 18.8%, thereby recovering all previous losses and achieving an all-time high⁶.

Though the lackluster long-term performance of the Police and Fire pension investments is partly to blame for the current level of underfunding, it is not sole cause of today's pension woes.

Our pensions have only recently become underfunded.

The Police pension has been underfunded since 1997 (the earliest data was available to me). From 1997 through 2010, the Police pension has never been at or above 50% funded, with the highest level of funding achieved in 2000 when it was 47.9% funded. Since then, the Police pension's liabilities have grown \$10.88 million while the pension's assets have grown just \$1.19 million.

The Fire pension has been underfunded since 1998 (the earliest data was available to me). From 1998 through 2010, the Fire pension has never been at or above 50% funded, with the highest level of funding achieved in 2008 when it was 42.7% funded.

Though the Fire pension appears to have been improving, it has been at the expense of the Police pension. Together, the Police and Fire pensions have gone from 42.3% funded in 1998 to just 37.8% funded in 2009.

Taxpayers will never have to cover the pension shortfalls so long as the Village pays the Required Contribution (or Net Pension Cost).

As I pointed out on Page 8, the Village has not been paying the Required Contributions or Net Pension Costs in full. Assuming the Village *does* begin paying these in full, this still presents a number of problems for taxpayers.

Problem 1: Continued poor investment returns will create a larger unfunded liability, thereby increasing our Net Pension Cost. As this cost rises, the Village will have to increase the tax burden on residents to pay for it.

The Police pension's liabilities are based on a long-term investment return of 7%; however, the Police pension's investments have averaged just 3.1% annually since 2001.

The Fire pension's liabilities are based on a long-term investment return of 8%; however, the Fire pension's investments have averaged just 5.4% annually since 2001.

So long as the pension funds' investments underperform their assumptions, the residents of Elmwood Park will pay higher taxes or experience service cuts to compensate for a larger portion of the Village's budget going towards these rising Net Pension Costs.

Problem 2: Eventually, the costs will exceed our ability to pay and the Village will have to sacrifice other services to cover these costs.

In 2001, our Net Pension Cost to the Police and Fire pensions was \$1.286 million, which equated to 27% of our General Fund property tax revenue and 10% of our total General Fund revenue. By 2010, the Net Pension Cost grew to \$2.678 million, consuming 36% of our General Fund property tax revenue and 17% of our total General Fund revenue.

This trend is guaranteed to continue so long as (i) the pension investments underperform their actuarial assumptions and (ii) the Board pays less than the Net Pension Cost in the future.

Because the Village is limited in its ability to raise General Fund revenue except through property tax increases, the Board will have to (i) continue to raise property taxes and (ii) cut funding to other services unless and until these pension problems are addressed properly.

Problem 3: Eventually, it's not worth it to stay.

We're all in this boat together and we would all like to remain in Elmwood Park for many generations to come; however, rising property taxes without commensurate rises in services and property values will eventually drive people away from our town.

A governing body cannot raise taxes on its people *ad infinitum* and expect the people to continue to pay, especially when the alternative is merely a change in ZIP code. Though this outcome may yet be many years away, it is inevitable so long as this issue remains unaddressed.

It's a problem in all municipalities.

The only reason it is a problem in all municipalities is because it has gone unaddressed by all municipalities for far too long.

This is a problem with all pensions, and the State of Illinois' pensions are worse than ours.

According to the Pew Center on the States, Illinois state pensions are 51% funded⁷ - the worst and most alarming of all states in the nation. Elmwood Park's pensions are funded even *less* than those of the worst state in the nation, at just 37.8% in 2009.

By comparison, 19 states have pensions that are 80% funded or more, with Wisconsin and New York having fully funded pensions, thus proving it is achievable.

These issues are out of the control of the Village Board, and should be addressed to the Police and Fire Boards.

Though the Police and Fire Boards are responsible for the planning and oversight of their respective pensions, it is the Village Board that appoints the trustees of the Police and Fire Boards, that determines how much of the Required Contribution and Net Pension Cost to pay, and that decides whether or not we continue down this same path or change directions for the future.

The Pension Summary and Outcome

Our Police and Fire pensions in Elmwood Park are approaching dangerous territory. As of April 30, 2009, the taxpayers of Elmwood Park owed \$31.914 million to these pension funds by 2040. Though that date can be kicked down the road again (it was 2030 until a few years ago), pushing the date back does nothing to fix the problem.

The outcome caused by not addressing this growing problem is highly predictable:

1. property taxes will continue to rise to cover an ever-increasing Net Pension Cost,
2. highly qualified police and fire persons will choose to leave or choose not to come to Elmwood Park, opting for a town offering a more favorable financial future elsewhere,
3. other Village services will experience cuts to pay for our contractually obligated and rising pension payments, and
4. property values will fall due to a combination of the above.

⁷ http://pewcenteronthestates.org/initiatives_detail.aspx?initiativeID=85899358839

By addressing this problem today, the alternative outcome is quite favorable:

1. property taxes will not have to rise as quickly and may level off,
2. highly qualified police and fire persons will beg to come to Elmwood Park,
3. the Village will have excess funds to expand additional programs and services,
and
4. property values will rise due to a combination of the above.

Solving this problem will require sacrifices from everyone. I will speak to one of these problems specifically: Our pension investments and future growth assumptions.

Pension Investments and Assumptions

Pension investment assumptions must be lowered going forward. For too long, Elmwood Park has promised 7% and 8% returns, but our pensions have barely earned half that amount. We must restructure our assumptions to reflect the economic reality of our investment allocation, including the fees and expenses paid from pension assets.

According to Russell Investments, the S&P 500 index grew 9.18% annually from 1959 through 2008 while an investment in high quality corporate bonds earned 6.48% annually during that time⁸. Thus an investor could assume that a blend of these two types of investments would earn about 7.8% (the average of the two).

However, these returns were generated by indices – unmanaged baskets of investments that are not subject to any fees or expenses. Once you add in the investment fees and expenses – either commissions for buying and selling stocks and bonds, or expenses of mutual funds – those returns are likely to be lower by at least 1%.

Considering the pension funds' actual investment allocations at the end of FY2010, the expected returns are even *lower*. Roughly half of each pension is invested in government bonds, government agency bonds, or cash, all of which generally pay and earn significantly less than investment-grade corporate bonds. The other half of each pension is invested 100% in mutual funds (Fire pension) or split between mutual funds and equities (Police pension).

If we assume that the bond and cash allocation is earning 3% (a generous assumption considering the investments), the equities must earn 11% for the Police pension and 13% for the Fire pension just to hit our respective 7% and 8% targets.

⁸ http://www.russell.com/us/images/ContentImages/chart_stocks_bonds.gif

This, of course, also assumes that there are no other fees and expenses of the pensions, which we know is not the case. Once we account for audit, administrative, and investment expenses, our equities must earn closer to 13% to 15% annually to reach our goals.

This is not likely to happen as less than 20% of money managers outperform the markets at all, and significantly fewer do so by 5% or more annually.

Our investment assumptions are unrealistic, and you must modify them going forward to avoid a disaster in the future. The alternative – believing and hoping that Elmwood Park’s chosen money managers can outperform 99% of professional hedge fund managers, mutual fund managers, and other institutional investors on a sustained basis – is both irresponsible and unjustifiable, especially in light of the past performance of our pension funds over the past decade.

Closing

I hope that I have provided you with enough information to see the seriousness of our current pension problems and some of the flaws in our current assumptions so that you may be proactive in addressing this problem for the people of Elmwood Park.

I have included copies of the tables I used in deriving the figures herein, which include references to the specific pages of the audit reports.

I look forward to discussing this report and your ideas at the next meeting of the Village Board on July 18, 2011 and I appreciate your time in reading this report.

If you have any questions, please do not hesitate to call or email me.

Joe Ponzio

Village of Elmwood Park
Fire Pension
 Schedule of Funding Progress
 Fiscal Year Ended April 30,

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Total Assets	N/A	\$ 3,937,205	\$ 3,891,547	\$ 4,171,748	\$ 4,459,888
Total Liabilities	N/A	\$ 10,892,890	\$ 11,906,459	\$ 12,735,950	\$ 13,456,980
% Funded		36.1%	32.7%	32.8%	33.1%
Amount Owed by Taxpayers		\$ 6,955,685	\$ 8,014,912	\$ 8,564,202	\$ 8,997,092
Audit Pages	Page 39 of the Audit for Fiscal Year ended April 30, 2002				

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Total Assets	\$ 4,829,321	\$ 5,256,116	\$ 5,796,252	\$ 6,325,889	\$ 6,994,607
Total Liabilities	\$ 14,181,131	\$ 14,215,522	\$ 15,548,892	\$ 18,519,664	\$ 18,519,664
% Funded	34.1%	37.0%	37.3%	34.2%	37.8%
Amount Owed by Taxpayers	\$ 9,351,810	\$ 8,959,406	\$ 9,752,640	\$ 12,193,775	\$ 11,525,057
Audit Pages	Page 56 of the Audit for Fiscal Year ended April 30, 2007				

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Assets	\$ 7,816,005	\$ 8,543,487	\$ 9,089,127
Total Liabilities	\$ 18,578,464	\$ 19,991,455	\$ 21,423,758
% Funded	42.1%	42.7%	42.4%
Amount Owed by Taxpayers	\$ 10,762,459	\$ 11,447,968	\$ 12,334,631
Audit Pages	Page 52 of the Audit for Fiscal Year ended April 30, 2010		

Village of Elmwood Park
Police Pension
 Schedule of Funding Progress
 Fiscal Year Ended April 30,

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Total Assets	\$ 6,873,548	\$ 7,668,109	\$ 8,113,188	\$ 9,083,793	\$ 9,007,602
Total Liabilities	\$ 15,038,859	\$ 16,529,703	\$ 17,485,803	\$ 18,975,223	\$ 20,145,882
% Funded	45.7%	46.4%	46.4%	47.9%	44.7%
Amount Owed by Taxpayers	\$ 8,165,311	\$ 8,861,594	\$ 9,372,615	\$ 9,891,430	\$ 11,138,280

Audit Pages

Page 39 of the Audit for Fiscal Year ended April 30, 2002

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Total Assets	\$ 9,663,280	\$ 8,360,107	\$ 9,403,251	\$ 9,810,624	\$ 10,542,600
Total Liabilities	\$ 20,233,115	\$ 22,085,889	\$ 23,511,700	\$ 24,265,448	\$ 26,830,443
% Funded	47.8%	37.9%	40.0%	40.4%	39.3%
Amount Owed by Taxpayers	\$ 10,569,835	\$ 13,725,782	\$ 14,108,449	\$ 14,454,824	\$ 16,287,843

Audit Pages

Page 56 of the Audit for Fiscal Year ended April 30, 2007

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Assets	\$ 11,303,510	\$ 11,542,796	\$ 10,276,936
Total Liabilities	\$ 27,194,311	\$ 28,325,914	\$ 29,856,210
% Funded	41.6%	40.7%	34.4%
Amount Owed by Taxpayers	\$ 15,890,801	\$ 16,783,118	\$ 19,579,274

Audit Pages

Page 52 of the Audit for Fiscal Year ended April 30, 2010

Village of Elmwood Park
Fire Pension
 Contributions and Returns
 Fiscal Year Ended April 30,

	2001	2002	2003	2004	2005
Required Contribution	\$ 605,881	\$ 663,616	\$ 722,719	\$ 782,359	\$ 789,379
Interest on Net Pension Obligation	\$ 71,289	\$ 77,762	\$ 85,112	\$ 89,303	\$ 95,995
Adjustments to Required Contribution	\$ (51,361)	\$ (58,681)	\$ (67,317)	\$ (74,097)	\$ (83,638)
Pension Cost	\$ 625,809	\$ 682,697	\$ 740,514	\$ 797,565	\$ 801,736
Actual Contribution	\$ 544,900	\$ 590,819	\$ 688,122	\$ 713,920	\$ 733,165
% of Annual Pension Cost Contributed	87.1%	86.5%	92.9%	89.5%	91.4%
Investment Return*	7.6%	-0.6%	2.4%	10.9%	6.8%
Audit Pages	26, 78	35, 68	21, 46	21, 46	21, 46
	2006	2007	2008	2009	2010
Required Contribution	\$ 1,008,217	\$ 1,110,425	\$ 1,166,572	\$ 1,272,821	\$ 1,461,403
Interest on Net Pension Obligation	\$ 109,047	\$ 121,582	\$ 134,178	\$ 146,211	\$ 153,969
Adjustments to Required Contribution	\$ (105,103)	\$ (123,471)	\$ (143,762)	\$ (165,508)	\$ (184,425)
Pension Cost	\$ 1,012,161	\$ 1,108,536	\$ 1,156,988	\$ 1,253,524	\$ 1,430,947
Actual Contribution	\$ 855,474	\$ 951,088	\$ 1,006,570	\$ 1,156,553	\$ 1,624,109
% of Annual Pension Cost Contributed	84.5%	85.8%	87.0%	92.3%	113.5%
Investment Return*	10.8%	11.1%	1.6%	-12.2%	18.8%
Audit Pages	21, 51	21, 51	21, 50	21, 50	20, 44

* Net change in investment income (loss) divided by plan assets at beginning of year

Village of Elmwood Park
Police Pension
 Contributions and Returns
 Fiscal Year Ended April 30,

	2001	2002	2003	2004	2005
Required Contribution	\$ 590,144	\$ 610,627	\$ 610,627	\$ 680,851	\$ 864,172
Interest on Net Pension Obligation	\$ 150,538	\$ 154,575	\$ 154,575	\$ 168,127	\$ 176,166
Adjustments to Required Contribution	\$ (80,206)	\$ (81,794)	\$ (81,794)	\$ (96,344)	\$ (103,634)
Pension Cost	\$ 660,476	\$ 683,408	\$ 683,408	\$ 752,634	\$ 936,704
Actual Contribution	\$ 602,802	\$ 614,767	\$ 614,767	\$ 637,796	\$ 791,704
% of Annual Pension Cost Contributed	91.3%	90.0%	90.0%	84.7%	84.5%
Investment Return*	-0.4%	-2.2%	-3.7%	12.5%	5.5%
Audit Pages	23, 76	32, 69	22, 43	21, 43	21, 43
	2006	2007	2008	2009	2010
Required Contribution	\$ 864,172	\$ 940,088	\$ 1,002,498	\$ 1,054,451	\$ 1,148,037
Interest on Net Pension Obligation	\$ 186,316	\$ 194,952	\$ 202,695	\$ 207,511	\$ 216,490
Adjustments to Required Contribution	\$ (112,642)	\$ (122,270)	\$ (129,896)	\$ (137,186)	\$ (147,863)
Pension Cost	\$ 937,846	\$ 1,012,770	\$ 1,075,297	\$ 1,124,776	\$ 1,216,664
Actual Contribution	\$ 814,482	\$ 903,157	\$ 1,006,498	\$ 996,494	\$ 1,098,062
% of Annual Pension Cost Contributed	86.8%	89.2%	93.6%	88.6%	90.3%
Investment Return*	6.9%	8.4%	2.7%	-10.6%	14.0%
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* Net change in investment income (loss) divided by plan assets at beginning of year